

EXHIBIT 1

INTRODUCTION

On September 3, 2003, the Commission issued a Default Decision and Order *in the Matter of Colin Flaherty*, FPPC No. 99/783, imposing an administrative penalty of \$76,000 on Colin Flaherty for, among other things, thirty-six violations of section 84301 of the Government Code, commonly referred to as “campaign money laundering.” In committing these violations, Colin Flaherty (“Flaherty”) executed a scheme to inject money into the campaigns of local candidates, while concealing himself as the source of the contributions. Flaherty executed this money laundering scheme by asking persons who worked for his public relations firm, Flaherty Communications, friends, relatives, and others to make campaign contributions, and then reimbursing those persons for their contributions. One of these persons was Respondent, Lisa Ross-Woolson.

Respondent, a long-time friend and colleague of Flaherty, and a self-employed media consultant in San Diego, made five contributions on behalf of Flaherty, for which she was reimbursed, without disclosing to the recipients of the contributions that Flaherty was the true source of the contributions and other required information.

For the purposes of this Stipulation, Respondent’s violations of the Political Reform Act (the “Act”)¹ are stated as follows:

COUNT 1: On or about July 1, 1997, Respondent Lisa Ross-Woolson made a campaign contribution to San Marcos City Council candidate Hal Martin on behalf of Colin Flaherty, by issuing a \$95.00 check to the “Hal Martin Committee,” without disclosing to the recipient of the contribution the identity of the true source of the contribution and other required information, in violation of section 84302 of the Government Code.

COUNT 2: On or about July 1, 1997, Respondent Lisa Ross-Woolson made a campaign contribution to San Marcos City Council candidate Vince Andrade on behalf of Colin Flaherty, by issuing a \$95.00 check to the Vince Andrade committee, without disclosing to the recipient of the contribution the identity of the true source of the contribution and other required information, in violation of section 84302 of the Government Code.

COUNT 3: On or about July 12, 1997, Respondent Lisa Ross-Woolson made a

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

campaign contribution to Perris City Council candidate Raul Mark Yarbrough on behalf of Colin Flaherty, by issuing a \$95.00 check to “Raul Mark Yarbrough,” without disclosing to the recipient of the contribution the identity of the true source of the contribution and other required information, in violation of section 84302 of the Government Code.

COUNT 4: On or about July 12, 1997, Respondent Lisa Ross-Woolson made a campaign contribution to Perris mayoral candidate Al Landers on behalf of Colin Flaherty, by issuing a \$95.00 check to “Al Landers,” without disclosing to the recipient of the contribution the identity of the true source of the contribution and other required information, in violation of section 84302 of the Government Code.

COUNT 5: On or about September 19, 1997, Respondent Lisa Ross-Woolson made a campaign contribution to Perris City Council candidate Cecilia Larios on behalf of Colin Flaherty, by issuing a \$95.00 check to “Cecilia Larios for Council,” without disclosing to the recipient of the contribution the identity of the true source of the contribution and other required information, in violation of section 84302 of the Government Code.

SUMMARY OF THE LAW

In order to ensure that the actual source of campaign contributions is disclosed to the public, section 84301 prohibits contributions being made, directly or indirectly, by any person in a name other than the name by which such person is identified for legal purposes.

Section 84302 requires a person making a contribution on behalf of another, or while acting as the intermediary or agent of another, to disclose specific information to the recipient of the contribution. The person must disclose about himself or herself his or her own full name, street address, occupation, employer’s name, if any, or if self-employed, his or her principal place of business. The person must also disclose about the other person, his or her full name, street address, occupation, employer’s name, if any, or if self-employed, his or her principal place of business. As specified in regulation 18432.5, a person is an intermediary for a contribution, for the purposes of section 84302, if the recipient of the contribution would consider the person to be the contributor without the disclosure of the identity of the true source of the contribution.

SUMMARY OF THE FACTS

Colin Flaherty is, and was at all times pertinent hereto, the sole owner of Flaherty Communications, a public relations firm formerly located in Encinitas and San Diego. In 1997, Flaherty solicited campaign contributions for candidates on behalf of Barratt American Homes, a Carlsbad homebuilder with projects throughout Southern California, including the City of Perris. At the time of the solicitations, Barratt American Homes was Flaherty’s biggest client and had received permission to build a large residential subdivision in the City of Perris (“McCanna

Ranch,” now “Village of Avalon”); however, it was hoping to revise the conditions imposed by the city for approval of the project. Barratt American Homes stood to gain or lose money depending upon actions taken by the Perris City Council with respect to the amount of the building fees that would be required in connection with the project. Al Landers, a Perris City Councilman and candidate for Mayor of Perris in 1997, was in support of the changes Barratt American Homes favored for the McCanna Ranch project.

As described in the Default Decision and Order issued *in the Matter of Colin Flaherty*, cited above, Flaherty executed a scheme to inject money into the campaigns of Perris and other local candidates, while concealing himself as the source of the contributions. Flaherty executed this money laundering scheme by asking persons who worked for his public relations firm, friends, relatives, and others to make campaign contributions, and then reimbursing those persons for their contributions. One of these persons was Respondent.

Respondent, a long-time friend and colleague of Flaherty, and a self-employed marketing consultant in San Diego, made five contributions on behalf of Flaherty in 1997, for which she was reimbursed. Respondent was required, under section 84302, to disclose to the recipients of the contributions that Flaherty was the true source of the contributions and provide specific information about herself and Flaherty. She failed to do so.

Supervising Commission Investigator Dennis Pellón conducted two interviews with Respondent. In both interviews, Respondent acknowledged that she made five contributions at the behest of Flaherty, but did not recall being reimbursed.

The recipients, dates, and amounts of the contributions, for which Respondent was reimbursed, and no intermediary disclosure was made, are set forth in the chart below:

Count	Recipient of Contribution	Date and Amount of Contribution	Date and Amount of Reimbursement
1	Hal Martin, candidate San Marcos City Council	July 1, 1997 \$95.00	June 30, 1997 \$190.00
2	Vince Andrade, candidate San Marcos City Council	July 1, 1997 \$95.00	
3	Raul Mark Yarbrough, candidate Perris City Council	July 12, 1997 \$95.00	July 14, 1997 \$200.00
4	Al Landers, candidate Mayor of Perris	July 12, 1997 \$95.00	
5	Cecilia Larios, candidate Perris City Council	September 19, 1997 \$95.00	September 15, 1997 \$100.00

By making five campaign contributions on behalf of Flaherty, without disclosing to the recipients of the contributions the identity of the true source of the contributions and other required information, Respondent committed five violations of section 84302.

CONCLUSION

Respondent participated in a money laundering scheme executed by her friend and employer, Colin Flaherty, by making five campaign contributions on behalf of Flaherty without disclosing to the recipients of the contributions that Flaherty was the true source of the contributions. Respondent then compounded her unlawful conduct by making statements to Commission investigators, denying that she had been reimbursed for her campaign contributions. Respondent had been engaged in a number of financial transactions with Flaherty during this time period. However, after re-examining the actual records regarding the reimbursements, Respondent recanted her prior statements, acknowledged that the reimbursements were for those campaign contributions, and cooperated in resolving this matter.

This matter consists of five counts, which carry a maximum administrative penalty of Ten Thousand Dollars (\$10,000) for violations occurring prior to January 1, 2001.

The facts of this case, including the factors discussed above, justify imposition of the agreed upon penalty of Seven Thousand Five Hundred Dollars (\$7,500).